

DEPARTMENT OF SOCIAL SERVICES

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	FY 2006 REQUEST	GOVERNOR RECOMMENDS FY 2006
Office of the Director	\$ 53,246,132	\$ 72,247,693	\$ 75,759,535	\$ 63,220,987
Information Technology	0	0	0	16,757,027
Family Support Division	478,170,104	499,714,859	499,112,356	496,080,056
Children's Division	485,697,804	516,325,983	548,538,831	534,729,541
Division of Youth Services	55,382,441	59,272,755	58,893,178	59,033,499
Division of Medical Services	4,588,531,724	5,078,124,011	5,719,876,637	4,739,601,108
DEPARTMENTAL TOTAL	\$ 5,661,028,205	\$ 6,225,685,301	\$ 6,902,180,537	\$ 5,909,422,218
General Revenue Fund	1,205,302,334	1,386,592,216	1,762,246,303	1,331,572,887
Title XIX - Federal and Other Funds	2,408,642,571	2,716,001,412	3,138,619,399	2,556,967,964
Temporary Assistance for Needy Families - Federal Funds	154,735,412	160,264,220	158,283,204	158,478,316
DSS - Federal and Other Funds	534,543,040	579,821,611	590,118,987	591,463,168
Uncompensated Care Fund	169,799,666	91,000,001	91,000,001	91,000,001
Pharmacy Rebates Fund	79,240,086	96,551,469	96,551,469	87,033,188
Third Party Liability Collections Fund	12,415,825	24,562,807	24,562,807	23,817,649
Intergovernmental Transfer Fund	29,872,347	114,338,375	0	0
Federal Reimbursement Allowance Fund	688,437,013	619,537,797	619,065,778	653,450,517
Pharmacy Reimbursement Allowance Fund	57,179,017	63,148,557	46,109,798	41,608,547
Division of Family Services Donations Fund	91,926	134,000	134,000	134,000
Child Support Enforcement Collections Fund	9,766,900	14,285,139	14,384,275	14,468,775
Nursing Facility Federal Reimbursement Allowance Fund	176,925,542	218,253,784	218,253,784	218,253,635
Nursing Facility Quality of Care Fund	81,578	83,254	83,254	83,984
Health Initiatives Fund	19,213,807	20,550,263	21,017,152	20,869,628
Gaming Commission Fund	462,331	500,000	500,000	500,000
DSS Administrative Trust Fund	4,532,307	6,230,008	6,190,318	6,190,370
DSS Educational Improvement Fund	6,199,057	5,592,576	5,592,576	5,617,406
Blind Pension Fund	22,360,223	24,169,312	25,565,932	25,574,342
Healthy Families Trust Fund-Health Care Treatment and Access Account	50,959,100	50,959,100	50,959,100	50,959,100
Legal Services for Low-Income People Fund	2,159,938	0	0	0
Youth Services Products Fund	0	25,000	25,000	25,000
Youth Services Treatment Fund	0	1,000	1,000	1,000
Early Childhood Development, Education and Care Fund	13,356,903	16,078,460	16,078,460	14,514,801
Premium Fund	4,136,974	4,837,940	4,837,940	4,837,940
Alternative Care Trust Fund	10,614,308	12,167,000	12,000,000	12,000,000
Full-time equivalent employees	8,686.61	8,589.20	8,726.82	8,726.82

* Does not include \$243,411,149 recommended in the Fiscal Year 2005 Supplemental Appropriations. See the Supplemental section of the Missouri Budget for details regarding the Department of Social Services supplemental appropriations.

DEPARTMENT OF SOCIAL SERVICES

POLICY SUMMARY

Governor Blunt's budget for Fiscal Year 2006 provides a total of \$5.9 billion for the Department of Social Services. Each day the department provides services for over two million Missourians. The core functions provided by the Department of Social Services include:

Children's Division

- The Children's Division is dedicated to protecting the welfare of Missouri's children. The programs include foster care, child abuse and neglect investigations, children's treatment, purchase of child care, and adoption assistance.

Income Maintenance

- The Family Support Division is responsible for all income support programs and many of the child support functions. The programs administered by the division include: Temporary Assistance for Needy Families, Food Stamps, Energy Assistance, Blind Pension, Supplemental Aid to the Blind, Domestic Violence, and Medicaid eligibility.

Youth Services

- The Division of Youth Services provides case management, community care, and aftercare to youth committed to the state's custody for various crimes. The Juvenile Court Diversion Program works with local communities to help prevent juvenile crime and provide treatment for youth in their own communities.

Medicaid Programs

- The Division of Medical Services is responsible for the delivery of health care to the state's neediest citizens, including the elderly and the disabled, poor children, and pregnant women.

PROVIDING SAFE ENVIRONMENTS FOR VULNERABLE CHILDREN

Child abuse and neglect are tragic consequences that can result from troubled families. The state must work to provide safe settings for at-risk children and facilitate a permanent placement of children who cannot return home. Over the past several years, the state's child welfare system has come under fire for not adequately addressing the needs of children in its care. To meet the needs of children who have been removed from their homes, the Governor's Fiscal Year 2006 budget includes:

- \$7,990,399 to fund the anticipated growth in the subsidized adoption and guardianship caseload in Fiscal Year 2005 and Fiscal Year 2006, including \$5,988,612 general revenue.
- \$6,982,770 to continue supplemental funding for subsidized adoption and guardianship caseload growth, including \$5,172,054 general revenue.
- \$110,000 to continue supplemental funding for payments to counties for the care of children in juvenile detention centers.

Providing housing and services for children with special needs can be one of the greatest challenges of a state's child welfare system. Missouri has a committed network of private providers which meets the needs of this population. However, the costs of providers have exceeded the reimbursements for these services. To maintain a strong network of residential providers for children in state custody, the Governor recommends:

- \$5,524,997 to fund a rate increase for providers of residential treatment services for abused and neglected children.

DEPARTMENT OF SOCIAL SERVICES

POLICY SUMMARY (Continued)

PROMOTING SELF-SUFFICIENT INDIVIDUALS AND FAMILIES

Supporting low-income families with child care assistance is critical in moving families from poverty to a sustainable income. The availability of quality child care is essential for the children of these families to build the fundamental skills to enter school. To ensure low-income families obtain quality child care services so they can obtain and retain employment, the Governor recommends:

- \$11,504,868 to maintain the current child care subsidy caseload with an asset test for family income at 112 percent of the federal poverty level.

While providing a safety net for Missouri's citizens who are in temporary need of financial assistance, the department administers programs that can help individuals reach self-sufficiency. The services provided prepare individuals to enter the job market and overcome barriers that prevent them from retaining employment. The Governor recommends:

- \$1,396,620 other funds to increase the monthly benefit payment to blind pension recipients from \$479 to \$510. The Family Support Division has instituted a new methodology in calculating the blind pension rate adjustment so this population will receive the maximum benefits from the taxes collected for this population.
- \$714,948 to operate the Electronic Benefit Transfer call center in Missouri. The previous administration contracted with a company that outsourced this service to India. The Fiscal Year 2006 appropriation represents the annualized costs for operating the call center in Missouri.

Medicaid Cost Containment and Reform

The Medicaid Program has grown out of control. Rising health care costs and program expansions by previous administrations have increased state expenditures in this program 108 percent over the last seven years. The National Association of State Budget Officers recently reported that growth in state spending for Medicaid threatens the ability to budget adequately for other critical areas. Without taking aggressive action to control spending increases, the state cannot properly fund education - a priority for the all Missourians.

Governor Blunt is committed to maintaining Medicaid services provided to pregnant women and children and has made no reductions to these portions of the Medicaid budget. Governor Blunt's Fiscal Year 2006 budget contains significant reductions in the Medicaid Program that are necessary to address the state's number one priority - funding public education. To prioritize state funding and restrain Medicaid spending, the Governor recommends a reduction of \$580.6 million in Fiscal Year 2006.

In addition, the Governor will pursue legislation to authorize the reductions to the Medicaid Program recommended in the Fiscal Year 2006 budget and to ensure coverage is provided to those that the General Assembly has appropriated.

Protecting Health Care Access for Pregnant Women and Children

The Medicaid Program provides vital services to pregnant women and children. The State Children's Health Insurance Program (SCHIP) has been a success and is a prudent investment for the state. SCHIP annual expenditures per child are just over \$1,000 per year. This is a responsible use of taxpayer's money. Since its inception in 1998, the program has extended health care coverage to more than 87,000 children. In addition, the Medicaid Program includes several distinctive programs that cover low-income pregnant women. Governor Blunt is committed to ensuring that pregnant women and children have access to vital health services. Accordingly, the Governor's Fiscal Year 2006 budget recommendations include continued core funding for SCHIP and Medicaid programs for pregnant women.

Aggressive Pursuit of Medicaid Fraud

Missouri's Medicaid Program will spend over \$5 billion this fiscal year. There are ongoing problems with individuals defrauding the Medicaid system and costing taxpayers millions of dollars each year. The Department of Social Services currently has two separate units that monitor Medicaid Program compliance and investigate fraud and abuse. In addition, the Attorney General's Office operates a Medicaid Fraud Control Unit. These three entities are not doing enough to ensure that state government is identifying every instance of Medicaid Program fraud and abuse. Governor Blunt is committed to improving the current effort crackdown on Medicaid fraud and root out abuse.

**DEPARTMENT OF SOCIAL SERVICES
DEPARTMENTAL ADMINISTRATION**

OFFICE OF THE DIRECTOR

Departmental Administration includes the director, the director's staff, and the personnel and labor relations section. The director sets policy for the department, forges public/private partnerships to help meet department goals, and ensures implementation of its mandates. The personnel and labor relations section administers a personnel program and human resource management system to serve the department's employees.

The Division of Budget and Finance provides a centralized budgeting and expenditure review and control process and manages federal grants with a value of over \$5 billion. Additional responsibilities include maintenance of support mechanisms to ensure timely payments to clients, vendors and staff, and timely receipt and disposition of the department's revenues.

The Division of General Services provides a variety of services that support the operations of the department, including operating the department's centralized mailing center that processes over 23 million pieces of mail annually, working with telecommunications systems, providing necessary minor office renovations, and coordinating the inventory and distribution of office equipment and furniture.

The Division of Legal Services is responsible for providing legal services for all of the divisions within the department, due process hearings for recipient appeals, legal advice and representation for children in the custody of the Children's Division, investigating fraud and abuse of public assistance programs, and conducting background investigations on department employees prior to employment. The division also includes the State Technical Assistance Team responsible for assisting in the investigation of child abuse and neglect, child exploitation, and child fatality cases.

The Information Services and Technology Division is responsible for the development, maintenance, and operation of the department's data processing systems, including mainframe and PC network operations. The division processes data on recipients and vendors, prints checks and vendor payments, provides technical support, and provides management reports to other divisions in the department.

Fiscal Year 2006 Governor's Recommendations

- \$3,420,906 for payment of overtime to nonexempt employees as required by HB 1548 (2004), including \$2,000,000 general revenue.
- \$110,000 to continue supplemental funding for payments to counties for the care of children in juvenile detention centers.
- \$133,637 for pay plan, including \$80,251 general revenue.
- (\$12,672,185) and (129.69) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$3,729,140) general revenue.
- (\$19,064) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).

INFORMATION TECHNOLOGY

Governor Blunt has ordered that management of state information technology resources be consolidated under the Office of Administration. This should result in enhanced service at a lower cost. For Fiscal Year 2006, information technology resources will be reallocated to a new section within the department's budget that will be under the control of the Office of Administration.

Fiscal Year 2006 Governor's Recommendations

- \$16,667,537 and 198.56 staff reallocated for information technology resources that will be administered by the Office of Administration, including \$4,527,272 general revenue.
- \$89,490 for pay plan, including \$30,764 general revenue.

DEPARTMENT OF SOCIAL SERVICES

FAMILY SUPPORT DIVISION

ADMINISTRATIVE SERVICES AND INCOME MAINTENANCE

Administrative Services – Management, coordination, and general direction are provided to all Family Support Division programs. The division director and staff monitor the efficiency and effectiveness of and provide policy direction for Income Maintenance and Child Support programs. Administrative Services also provides financial management and operational services, human resource support, and systems support to Income Maintenance and Child Support Enforcement field staff.

Income Maintenance - Staff provides intake services, information and referral, and eligibility determinations for applicants of financial services provided by the department. Funds in these sections support the salaries, general operating expenses and training for Income Maintenance caseworkers, administrative and supervisory staff, and clerical support positions in Family Support offices.

Temporary Assistance for Needy Families (TANF) – TANF is a program designed to provide temporary assistance/relief to families to promote self-sufficiency so parents do not remain dependent on welfare payments and children do not grow up in poverty. Under the federal welfare reform in 1996, TANF was designed to be a temporary assistance which, coupled with a myriad of other support services, would enable parents to find and retain employment; thereby, enabling them to support their families without government assistance. Missouri continues to implement new, innovative programs designed to meet the diverse needs of TANF recipients.

Adult Supplementation – The federal government assumed responsibility for Old Age Assistance, Aid to the Permanently and Totally Disabled, and Aid to the Blind programs in January 1974 when it created the Supplemental Security Income (SSI) Program. Recipients who are eligible for SSI, but who receive smaller benefits than their December 1973 payments, receive payments from the state equal to the difference. Recipients who are not eligible for SSI, but who received payments under one of the earlier programs, receive payments from the state equal to the amount they received in December 1973. The caseload has been declining since 1973 as recipients die, become ineligible through income changes, or leave the state.

Grandparents as Foster Parents – Caring for a grandchild often places additional financial, social, and psychological strain on grandparents with fixed incomes. Grandparents as Foster Parents was established to provide payments to grandparents who have either legal guardianship or legal custody of their minor grandchildren.

Nursing Care – This state-funded program makes monthly cash payments to residents of nursing and residential care homes who are eligible for Medicaid, but occupy a facility not certified for Medicaid, or who receive care in a Residential Care I or II facility. The type of facility appropriate for clients is to a great extent dictated by their level of need for care. Minimal medical care is provided in Residential Care I, more in Residential Care II, and significantly more in Intermediate Care. Supplemental Nursing Care recipients also are provided an allowance each month for personal needs such as toiletries, transportation, and hair care.

Blind Pension and Supplemental Aid to the Blind – Three separate programs assist blind persons. The first, Supplemental Aid to the Blind, pays benefits to those who meet certain income requirements. The second, Blind Pension, aids the blind that do not qualify for Supplemental Aid to the Blind and who do not own property – excluding homes – worth more than \$20,000. Currently both programs provide a maximum monthly grant of \$470 unless the claimant qualifies for a higher payment by residing in a licensed nursing home. The third program, Adult Supplemental Payments, aids those who received state assistance before the federal SSI Program began in 1974, but who receive less from SSI than from the earlier program. New cases that meet the state's 1973 guideline also may be certified for assistance. All of these programs are funded from an earmarked state property tax that provides revenue to the Blind Pension Fund.

Community Services Block Grant (CSBG), Emergency Shelter Grants, Homeless Funding, and Refugee Assistance – CSBG funds are used to address six causes of poverty: unemployment, inadequate education, malnutrition, inadequate housing, unmet emergency needs, and poor use of income. Federal statutes require that 90 percent of CSBG funding be passed through to Community Action Agencies. The Emergency Shelter Grants Program provides grants to local governments to be used for renovation or conversion of buildings for emergency shelters and to help meet the cost of emergency shelter operations. Homeless Challenge Grants offer local communities matching funds to establish programs to combat homelessness. The Refugee Assistance Program provides services to help refugees overcome language barriers, acquire or adapt vocational skills, and adjust to their new environment.

Food Distribution – The federally funded Food Distribution Program enables Family Support to store, ship, and distribute processed surplus commodity food to eligible individuals, families, charitable institutions, and organizations.

Energy Assistance – The Low-Income Home Energy Assistance Program is a federally funded block grant which provides heating assistance payments, crisis assistance, and weatherization services to low-income households.

**DEPARTMENT OF SOCIAL SERVICES
FAMILY SUPPORT DIVISION**

ADMINISTRATIVE SERVICES AND INCOME MAINTENANCE (Continued)

Domestic Violence – This program provides grants to local communities for family violence shelters or services. Grants may be used for emergency shelters, counseling, and education services for families in community-based shelters.

Fiscal Year 2006 Governor's Recommendations

- \$714,948 to operate the Electronic Benefit Transfer System call center in Missouri, including \$386,072 general revenue.
- \$210,698 cost-to-continue supplemental funding to meet costs related to increased food stamp caseload growth, including \$113,777 general revenue.
- \$144,000 for the cost-to-continue to maintain the current contract costs for recipient calls to the Electronic Benefit Transfer System call center, including \$77,760 general revenue.
- \$1,253,475 for pay plan, including \$255,826 general revenue.
- (\$2,955,579) and (44.87) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$408,266) general revenue.
- (\$3,583,085) and (2.59) staff in core reduction from the Fiscal Year 2005 appropriation level, including (\$1,365,183) general revenue.
- (\$563,679) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- (\$292,516) one-time expenditures, including (\$141,500) general revenue.

SERVICES FOR THE BLIND

Professional staff in Rehabilitation Services for the Blind counsel and train blind and other visually impaired Missourians, arrange for the purchase of other services, and help the visually impaired find jobs. Services include rehabilitation, vocational rehabilitation, diagnosis and treatment of eye disease, equipment and supplies for blind preschool children, the Public Building Vending Program, and the Readers for the Blind Program.

Fiscal Year 2006 Governor's Recommendations

- \$1,396,620 other funds to increase the monthly benefit payment to blind pension recipients from \$479 to \$510.

**DEPARTMENT OF SOCIAL SERVICES
FAMILY SUPPORT DIVISION**

CHILD SUPPORT ENFORCEMENT AND DISTRIBUTIONS

Child Support Enforcement staff, with the assistance of the Missouri Automated Child Support System (MACSS), locate missing parents; establish paternity, medical support, and financial child support obligations; and enforce the collection of support payments for TANF and for participating non-TANF families. The state retains approximately 33 percent of all child support collected on TANF cases.

Local Agreements – This funding supports contractual agreements with local governments to assist the division with paternity and other types of child support referrals through the establishment of multi-county, full-service centers. Counties pool resources to establish service centers dedicated to child support work.

Reimbursement to Counties – This program provides reimbursement to counties that have signed a cooperative agreement with the Department of Social Services. Child support collection and prosecution costs incurred by the counties are reimbursed by the federal government at a rate of 66 percent.

Federal Reimbursement/Local Incentives – This appropriation provides a mechanism to disburse payments to families when the payment was collected by the department, to pay federal incentives to the county governments, and to refund some overpayments from income tax returns.

State Tax Refund Distribution – This appropriation provides a mechanism for reimbursing non-custodial parents for child support payments over-collected from state tax returns.

Fiscal Year 2006 Governor's Recommendations

- \$119,280 other funds and 15.78 staff for child support enforcement collections' funds to replace general revenue savings cut from the Family Support Division core.
- (\$74,097) and (14.57) staff in core reduction resulting from savings due to child support fees.
- (\$4,868) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).

**DEPARTMENT OF SOCIAL SERVICES
FAMILY SUPPORT DIVISION**

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Number of Families Receiving TANF (Annually)	47,793	48,341	48,762
Average Monthly Payment Per Household	\$237	\$237	\$237
Family Support Administration	\$ 26,084,722	\$ 27,288,052	\$ 27,200,764
Income Maintenance Field Staff and Operations	86,771,814	93,303,228	92,698,871
Income Maintenance Staff Training	447,959	662,440	661,940
Community Partnerships	8,553,037	8,566,711	8,567,840
Missouri Mentoring Partnership	1,430,159	1,452,987	1,452,987
Family Nutrition Program	4,941,572	5,367,831	5,362,330
Temporary Assistance for Needy Families (TANF)	136,619,639	140,333,466	138,352,450
Grandparent Foster Care	1,552,688	2,330,978	1,030,978
Adult Supplementation	160,458	165,000	145,000
Supplemental Nursing Care	25,629,453	26,464,815	26,464,815
General Relief	100,000	0	0
Supplemental Security Income	2,419,743	4,000,000	4,000,000
Blind Pension	19,763,554	21,505,269	22,901,889
Refugee Assistance	3,806,121	3,812,553	3,808,853
Community Services Block Grant	17,194,501	19,144,171	19,144,171
Homeless Challenge Grant	500,000	500,000	500,000
Emergency Shelter Grants	1,255,641	1,340,000	1,340,000
Food Distribution Programs	999,999	1,000,000	1,000,000
Energy Assistance	43,153,753	40,802,495	40,802,516
Domestic Violence	5,523,180	5,987,653	5,987,653
Blind Administration	4,015,020	4,741,858	4,622,041
Services for the Visually Impaired	6,715,434	6,734,935	6,734,646
Child Support Field Staff and Operations	29,493,481	36,420,417	35,677,312
Child Support Distributions	51,038,176	47,790,000	47,623,000
TOTAL	\$ 478,170,104	\$ 499,714,859	\$ 496,080,056
General Revenue Fund	85,044,321	87,909,293	86,185,135
DSS - Federal Funds	361,712,395	375,505,834	372,738,097
Other Funds	31,413,388	36,299,732	37,156,824

DEPARTMENT OF SOCIAL SERVICES

CHILDREN'S DIVISION

The Children's Division Administrative Services provides management, coordination, and general direction for all Children's Division programs. The division director and staff monitor the effectiveness of programs that promote permanency for Missouri's children. Administrative Services provides policy direction, financial management and operational services, and human resource support to field staff.

Purchase of Child Care – A key to successful welfare reform and the prevention of abuse and neglect is access to quality, affordable child care. Without child care assistance, many parents could not participate in job training, education, or maintain employment in order to become self-sufficient and end their dependence on government assistance. Without such assistance, the risk of children being left in unsafe environments also increases. In the 1998 legislative session, the General Assembly passed HB 1519. This bill created the Early Childhood Development, Education and Care Fund to support programs to improve the availability of, and access to, quality child care and programs that prepare children to enter school ready to succeed. Because children learn more from the ages of zero to five than during any other developmental period, the availability of quality child care is essential to preparing children for school.

Children's Treatment Services, Child Abuse and Neglect Grant, and Intensive In-Home Services – This program provides intensive family-centered services to child abuse victims and their parents. Specific services include family therapy, homemaker services, respite care, parent aides, child care, crisis nursery services, and incentive subsidies to encourage local units of government to develop community programs to combat child abuse and neglect. The Family Reunification Program provides home-based services aimed at reuniting children with their families. The Family Preservation Program provides intensive, in-home services to help prevent placement of children in foster care and keep children with their families.

Foster Care, Children's Account, Adoption Subsidy, and Subsidized Guardianship – The Foster Care Program provides monthly room and board payments for children in the custody and care of the Children's Division. Current payment rates for homes of traditional foster parents, relatives, and kinship for age groups are as follows: 0-5 years, \$227; 6-12 years, \$277; and 13 and over, \$307. There are special placements with different rates, including Behavioral or Medical Foster Care (\$657 per month) and Career Foster Care (\$47 per day). Homes may also receive an additional \$100 per month, per child, for attending professional parenting classes. Payments also are made for non-Medicaid medical and dental services, clothing, transportation, foster parent training, and other needs. Children in state custody may receive funds from a variety of sources, including child support payments. These monies are used to offset the cost of maintaining the child in foster care and to pay for any special expenses of the child.

The Adoption Subsidy Program and Subsidized Guardianship Program provide financial assistance to parents who adopt special needs children.

Children's Programs Pool – In the Fiscal Year 1992 budget, a separate pool appropriation was developed for services for children and families. Each line item for the following children's programs was reduced by ten percent to create a Children's Programs Pool: Children's Treatment Services, Family Preservation, Foster Care, Adoption Subsidy, and Independent Living. This pooled appropriation allows flexible spending within these children's service areas and residential treatment.

Residential Treatment, Independent Living, and IV-E Court Contracts – Residential facilities are used when foster care cannot meet the children's treatment needs. The division contracts with a wide range of treatment programs ranging from small group homes to large, self-contained, resident campuses. Facilities must be licensed and meet the division's standards for alternative care. Transitional/Independent Living programs assist foster care children, ages 15 to 21, in learning the necessary skills for the transition from foster care to adult independent living in the community. Court Contracts through the IV-E Program allow family support to pass through federal funds to be used for reimbursement to counties for children placed in the custody of the juvenile court and who are placed in juvenile court residential facilities.

Psychiatric Diversion – This program's primary purpose is to keep children out of expensive inpatient psychiatric hospitals, while providing them with the necessary services to help them deal with their severe behavioral and emotional problems.

Fiscal Year 2006 Governor's Recommendations

- \$11,504,868 to maintain the current child care subsidy caseload with an asset test for family income at 112 per cent of the federal poverty level.
- \$14,973,169 for adoption and guardianship caseload growth, including \$11,170,666 general revenue.
- \$6,975,671 to fund a rate increase for providers of residential treatment services for abused and neglected children, including 2,984,994 general revenue.
- 139 staff to fully implement the Fiscal Year 2005 Child Welfare Accreditation Plan.
- \$744,356 for pay plan, including \$271,524 general revenue.
- (\$14,185,788) core reduction from the Fiscal Year 2005 appropriation level, including (\$12,621,716) general revenue.

DEPARTMENT OF SOCIAL SERVICES

CHILDREN'S DIVISION (Continued)

- (\$1,023,792) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).
- (\$517,858) and (11) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$136,662) general revenue.
- (\$67,068) transferred to the statewide leasing budget, including (\$43,383) general revenue.

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Average Number of Children Receiving Child Care Per Month	44,865	45,000	45,000
Individuals Served Through Children's Treatment	2,358	2,358	2,358
Families Receiving Intensive In-Home Services	1,600	1,600	1,600
Children in Residential Treatment Centers (As of June 30)	1,921	1,985	1,985
Children Receiving Independent Living Services (Annual Federal Fiscal Year)*	3,081	3,081	3,081
Foster Children Served Throughout the Year	17,618	18,000	18,000
Children in Adoption Placements (As of June 30)	12,272	13,500	14,850
Finalized Adoptions	1,311	1,300	1,300
Children's Administration	\$ 6,568,369	\$ 7,079,623	\$ 6,980,700
Children's Field Staff and Operations	67,432,174	70,738,400	69,989,146
Child Welfare Accreditation	0	9,258,160	9,307,478
Children's Staff Training	1,509,344	1,545,691	1,545,691
Children's Treatment Services	13,562,238	14,842,238	14,692,238
Foster Care	39,033,385	45,135,686	45,135,686
Adoption and Subsidized Guardianship	60,115,926	60,423,199	62,924,652
Independent Living	5,027,069	3,020,000	3,000,000
Transitional Living	0	2,064,018	2,064,018
Children's Programs Pool	16,895,951	18,944,251	18,944,251
Child Assessment Centers	1,688,072	1,898,952	1,898,952
Residential Treatment Centers	69,672,123	69,672,123	76,647,794
Psychiatric Diversion	15,764,459	16,037,734	16,037,734
IV-E Court Contracts	161,963	700,000	700,000
Child Abuse and Neglect Grant	623,966	1,000,000	988,316
Foster Care Children's Account	10,614,308	12,000,000	12,000,000
Purchase of Child Care	177,028,457	181,965,908	191,872,885
TOTAL	\$ 485,697,804	\$ 516,325,983	\$ 534,729,541
General Revenue Fund	209,625,346	220,325,550	232,432,049
Federal Funds	252,039,759	267,667,931	275,529,627
Other Funds	24,032,699	28,332,502	26,767,865

DEPARTMENT OF SOCIAL SERVICES

DIVISION OF YOUTH SERVICES

The Division of Youth Services (DYS) is divided into three functional areas: Management and Development, Residential Services, and Alternative Services.

Management and Development is the central administrative unit with overall responsibility for designing, implementing, managing, and evaluating all programs operated by the division. Five regional offices supplement the efforts of central office staff and assure program efficiency and effectiveness at the local level.

Residential Services provides youthful offenders with structured rehabilitation programs when placement at home is no longer an option. Educational Services, a component of this program area, provides academic and vocational education to youth in residential placement. The division has seven secure facilities: Northwest Regional Youth Center in Jackson County, Hogan Street Youth Center in St. Louis City, Fulton Treatment Center in Callaway County, Mount Vernon Treatment Center in Lawrence County, Hillsboro Treatment Center in Jefferson County, Riverbend Treatment Center in Buchanan County, and Montgomery City Youth Treatment Center in Montgomery County. The division also operates 19 moderately secure facilities and six community-based facilities.

Alternative Services helps youthful offenders adjust to acceptable norms of behavior. The division provides several types of alternative services: case management and classification; community care which includes day treatment, intensive supervision, and alternative living; aftercare; and the Juvenile Court Diversion Program. Case management and classification involves evaluating youths' needs before they are assigned to one of the division's programs and managing their service delivery plan during their entire length of stay with the division. Community care involves treatment of youth in the community without the youth being placed in a DYS facility. Alternative living purchased by the division includes foster care and proctor care for juveniles who cannot return to their home. Day treatment programs provide education and treatment services for youth who continue to live at home. Intensive supervision provides tracking and mentoring to youth in the community. Aftercare is the provision of counseling and other services to help juveniles return to their families and communities when released from one of the division's facilities. Finally, the Juvenile Court Diversion Program encourages local communities to develop programs to divert youth from commitment to DYS.

Fiscal Year 2006 Governor's Recommendations

- \$423,222 for pay plan, including \$323,150 general revenue.
- (\$282,901) and (seven) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$207,504) general revenue.
- (\$379,577) reallocated for payment of overtime to nonexempt employees as required by HB 1548 (2004).

**DEPARTMENT OF SOCIAL SERVICES
DIVISION OF MEDICAL SERVICES**

FINANCIAL SUMMARY

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Administrative Services	\$ 47,751,469	\$ 53,998,239	\$ 54,801,038
Medicaid Vendor Payments and Managed Care	4,505,933,712	4,985,786,077	4,657,939,944
State Medical	34,846,543	38,339,695	26,860,126
TOTAL	\$ 4,588,531,724	\$ 5,078,124,011	\$ 4,739,601,108
General Revenue Fund	860,246,618	1,025,004,015	956,866,193
Title XIX -Federal and Other Funds	2,408,642,571	2,716,001,412	2,556,967,964
DSS - Federal and Other Funds	32,627,078	35,407,291	35,980,736
Uncompensated Care Fund	169,799,666	91,000,001	91,000,001
Pharmacy Rebates Fund	79,240,086	96,551,469	87,033,188
Third Party Liability Collections Fund	11,986,465	23,391,737	22,639,885
Intergovernmental Transfer Fund	29,872,347	114,338,375	0
Federal Reimbursement Allowance Fund	688,437,013	619,537,797	653,450,345
Pharmacy Reimbursement Allowance Fund	57,179,017	63,148,557	41,608,547
Nursing Facility Federal Reimbursement Allowance Fund	176,925,542	218,253,784	218,253,635
Nursing Facility Quality of Care Fund	81,578	83,254	83,984
Health Initiatives Fund	18,397,669	19,609,279	19,919,590
Healthy Families Trust Fund-Health Care Treatment and Access Account	50,959,100	50,959,100	50,959,100
Premium Fund	4,136,974	4,837,940	4,837,940

ADMINISTRATIVE SERVICES

Medical Services staff oversees the operation of the Medicaid, SCHIP, and State Medical programs. Responsibilities include provider reimbursement; provider enrollment and relations; monitoring changes in the health care professions and their payment structures; maintaining liaison with federal agencies involved in medical services; developing policies and procedures for the operation of the program; and developing new, innovative methods of controlling health care costs through managed care plans, alternative care programs, third party liability collections, and other management initiatives.

Fiscal Year 2006 Governor's Recommendations

- \$1,000,000 to fund changes to the Medicaid Management Information System (MMIS) to comply with the Medicare Modernization Act – Part D, including \$250,000 general revenue.
- \$89,410 for pay plan, including \$32,229 general revenue.
- (\$239,014) and (six) staff reallocated for information technology resources that will be administered by the Office of Administration, including (\$45,700) general revenue.
- (\$30,197) federal funds core reduction from the Fiscal Year 2005 appropriation level.
- (\$9,020) reallocated for payment of overtime to nonexempt employees are required by HB 1548 (2004).
- (\$8,380) one-time federal and other funds core reduction for one staff to maximize pharmacy tax collections.

MEDICAID VENDOR PAYMENTS AND MANAGED CARE

The Medicaid Program (Title XIX of the Social Security Act) is a federal-state effort to pay the health care of those who cannot pay for their own care. Federal law sets the minimum provisions for any state that opts to administer a Medicaid Program. These include hospital, physician, Early and Periodic Screening, Diagnostic and Treatment (EPSDT), lab and x-ray, skilled nursing home care, home health care, Federally Qualified Health Centers, rural health clinics, non-emergency transportation, and family planning services. Governor Blunt's Fiscal Year 2006 budget recommendations include continuing optional services for pregnant women, children, and individuals with visual impairments.

**DEPARTMENT OF SOCIAL SERVICES
DIVISION OF MEDICAL SERVICES**

MEDICAID VENDOR PAYMENTS AND MANAGED CARE (Continued)

The 1115 Waiver is a federal-state effort to pay for the health care of uninsured children above existing Medicaid eligibility limits up to 300 percent of poverty and women's health services. Children will receive a benefit package equal to Medicaid coverage without non-emergency medical transportation.

The State Medical Program allows individuals who do not meet categorical eligibility criteria for Title XIX to receive nearly all of the same services which are reimbursed for Title XIX eligibles, including non-institutional, nursing facility, and hospital care. These individuals include Child Welfare Services, Blind Pension, Presumptive Eligibility for Pregnant Women recipients, and youth in the custody of the Division of Youth Services.

**MEDICAID EXPENDITURES
SELECTED SERVICES AND ANNUAL TOTALS**

	FY 2004 EXPENDITURE	FY 2005 APPROPRIATION	GOVERNOR RECOMMENDS FY 2006
Average number of Fee-for-Service eligibles*	481,672	497,546	497,546
Average monthly cost per eligible for Fee-for-Service*	\$706.96	\$750.00	\$750.00
Average number of eligibles enrolled in managed care*	393,373	404,902	404,902
Average monthly cost per eligible for managed care*	\$146.13	\$156.00	\$156.00
Number of children receiving health care through 1115 Waiver	87,280	91,299	98,558
Average monthly cost per child in the 1115 Waiver	\$102.08	\$110.00	\$118.00
Number of EPSDT Screenings	93,669	94,000	95,000
*Excludes 1115 Waiver			
Pharmacy	\$ 951,467,547	\$ 1,163,673,538	\$ 950,597,573
Pharmacy-Medicare Part D-Clawback	0	0	315,319,650
Physician	295,059,857	357,429,580	377,249,746
Dental	9,361,437	33,025,810	10,566,657
Home- and Community-Based Services	269,374,167	298,238,424	0
Nursing Homes	436,330,750	467,907,183	436,567,966
Rehabilitation and Specialty Services	119,799,671	147,784,461	51,866,186
Managed Care	750,652,517	824,737,006	859,692,096
Hospital Care	562,813,690	667,838,537	669,689,581
Safety Net Hospitals	2,988,890	23,000,000	23,000,000
FRA, NFFRA, and UCC	652,818,472	627,000,000	627,000,000
Children's Health Insurance Program	85,287,974	112,118,121	132,798,716
Department of Elementary and Secondary Education Services	31,850,381	0	33,369,908
Health and Senior Services	4,403,929	0	0
Medicaid Supplemental Pool	245,208,787	154,198,085	35,698,085
Other Medicaid	88,515,643	108,835,332	134,523,780
Total	\$ 4,505,933,712	\$ 4,985,786,077	\$ 4,657,939,944

Fiscal Year 2006 Governor's Recommendations

- \$199,129,519 for additional anticipated costs of existing Medicaid programs to ensure that all program cores are sufficiently funded to meet projected expenditures, including \$59,775,961 general revenue.
- \$139,927,118 to address the anticipated increases in the Pharmacy Program due to new drugs, therapies, and inflation, including \$53,285,693 general revenue.
- \$138,528,940 for anticipated caseload increases in Medicaid programs, including \$52,452,634 general revenue.

**DEPARTMENT OF SOCIAL SERVICES
DIVISION OF MEDICAL SERVICES**

MEDICAID VENDOR PAYMENTS AND MANAGED CARE (Continued)

- \$50,118,092 to apply a 15 percent pharmacy trend factor and a 7 percent non-pharmacy trend factor for both utilization and cost component increases for managed care in the eastern, central, and western regions, including \$18,393,669 general revenue.
- \$46,167,426 to replace one-time hospital intergovernmental transfer funds including \$27,349,213 general revenue.
- \$33,369,908 transferred from the Department of Elementary and Secondary Education for Early and Periodic Screening, Diagnostic and Treatment services, including \$69,954 general revenue.
- \$32,124,151 for the remaining months of the 2005 managed care trend factor, including \$11,801,513 general revenue.
- \$30,926,087 for an adjustment to address the change in the federal participation percentage, including \$349,216 general revenue.
- \$17,732,495 for increased costs and utilization of pharmacy prescriptions by the elderly and those with disabilities, including \$6,784,453 general revenue.
- \$16,798,413 to replace nursing home intergovernmental transfer with general revenue.
- \$16,168,521 to compensate for anticipated increases in Medicare Part A and B premiums, including \$6,183,737 general revenue.
- \$10,001,344 to fund the state share of the Medicare Modernization Act – Part D clawback payments to the federal government.
- \$9,273,671 to replace Pharmacy Federal Reimbursement Allowance funds (338.550, RSMo) with general revenue that will be lost due to dual eligibles receiving pharmacy benefits through Medicare under the Medicare Modernization Act – Part D.
- \$333,847 to meet remaining obligations under expanded eligibility guidelines for the elderly and disabled, including \$127,730 general revenue.
- \$170,253 to fund the HB 1453 (2004) provision that eliminates the six-month waiting period for children with special health care needs to participate in the State Children's Health Insurance Program, including \$45,594 general revenue.
- (\$567,396,669) core reduction from the Fiscal Year 2005 appropriation level, including (\$200,591,120) general revenue.
- (\$241,575,521) transfer of the Home- and Community-Based Services funding to the Department of Health and Senior Services to consolidate the provision of in-home services, including (\$92,849,428) general revenue.
- (\$85,000,000) one-time core reduction in federal and other funds to process hospital payments.
- (\$48,338,375) one-time core reduction of hospital intergovernmental transfer funds for disproportionate share payments to hospitals.
- (\$33,500,000) federal and other funds core reduction to eliminate nursing facilities upper payment limit process to generate intergovernmental transfer funds.
- (\$32,447,102) core reduction due to changes in the federal participation percentage, including (\$31,625,867) general revenue.
- (\$20,000,000) core reduction of nursing home intergovernmental transfer funds.
- (\$18,675,600) federal and other funds core reduction due to a decrease in the enhanced dispensing fee resulting from the Medicare Modernization Act – Part D.
- (\$10,000,000) core reduction to annualize savings for prior authorizing psychotropic drugs, including (\$3,826,000) general revenue.
- (\$9,889,284) other funds core reduction due to a decrease in pharmacy tax earnings resulting from the shift of dual eligibles to prescription drug coverage under the Medicare Modernization Act – Part D.
- (\$1,793,367) core reduction in nursing homes due to increases in patient surpluses, including (\$686,142) general revenue.

STATE MEDICAL

	FY 2004	FY 2005	FY 2006
Caseload average for General Relief	3,033	3,100	0
Caseload average for Child Welfare Services	615	630	630
Caseload average for Blind Pension	2,835	2,839	2,839
Caseload average for the Division of Youth Services	564	576	576

Fiscal Year 2006 Governor's Recommendations

- \$1,437,409 to address the rising costs in the Pharmacy Program due to new drugs, therapies, and inflation.
- \$318,396 for additional anticipated costs of existing Medicaid programs to ensure that all program cores are sufficiently funded to meet projected expenditures.
- (\$13,235,374) core reduction from the Fiscal Year 2005 appropriation level.